



Board of Directors

Elizabeth A. Best

April 2011 – April 2015

Elizabeth A. Best graduated in 1981 from the University of Montana Law School and practices in Great Falls, Montana, with her husband, Mike. She represents clients before the state agencies, in State and Federal Courts. After law school, she served in the U.S. Army JAGC, providing legal assistance to soldiers, prosecuting, teaching the law of war under the Geneva Convention and acting as liaison with German prosecutors. Upon return to Montana, she clerked for U.S. District Judge Paul Hatfield and then entered private practice. Elizabeth is a past president of the Montana Trial Lawyers Association and served on the MTLA Board of Directors from 1995 through November 2011. She is a member of the American Board of Trial Advocates and American Association for Justice. Ms. Best serves on the Montana Supreme Court Commission on Rules of Evidence as well as the Montana Supreme Court Commission on Civil and Appellate Procedure. Best also serves on the U.S. District Court Montana Local Rules Committee. In 2008, she was named MTLA Trial Lawyer of the Year.

Joe Brenneman

April 2011 – April 2015

Born and raised in the Flathead Valley, **Joe Brenneman** is a fourth-generation farmer who graduated from Flathead High School in 1976 and graduated with a BA in education in 1981 from Goshen College in Goshen, Indiana. He taught school for two years in Pennsylvania, and then accepted an offer to buy into the family dairy farm. He served a six-year term as Flathead County Commissioner from 2005-2011 and is an EMT/firefighter with Creston Rural Fire Department. Mr. Brenneman also worked for five years as a ski patroller at Blacktail Mountain in Lakeside, MT and has served on the local Cenex Harvest States Board and the Western Dairy Promotion Association Board in Denver. He has four children: daughters Rose and Erin and sons Jesse and Ian. Mr. Brenneman is married to Nancy Pensa, a teacher in Kalispell. His interests include hiking, skiing, reading, travel and good coffee.

Wayne Dykstra

August 2013 – April 2017

A fourth-generation Montanan, **Wayne Dykstra** was raised in Havre and attended the University of Montana. He is an honorably discharged Vietnam era veteran, serving four years as a Naval Intelligence Officer. He has been the President of Liquid Engineering Corporation, a nation-wide licensed engineering and marine construction company, for over 20 years. He is the Managing Partner of ARC3 Corporation, a multi-national security consulting and tactical training firm currently involved in the homeland security mission. Previously, he was a certified Arizona Paramedic and maintained a teaching certificate in emergency medicine. He is a licensed commercial airplane and glider pilot.

Bruce Mihelish

August 2013 – April 2017

Bruce Mihelish was appointed to the Montana State Fund Board of Directors by Governor Bullock in 2013. He is a proud Montana native, raised in Helena and a graduate of Montana State University with a degree in business. He has a diversified 35-year business career in insurance, property management, business consulting, retail and banking. He was a business leader of over 400 employees as president and CEO of Western State Insurance. He is growth oriented and a Montana-centered individual who has an extreme passion for Montana history and a strong desire to serve Montana and its people. He currently serves as a board member for Valley Bank of Helena, Travelers Rest Preservation and Heritage Association and Montana Unified School Trust Advisory Board. He is married to Pamela Hilger, a fourth generation ranch girl from Dearborn Country. They have raised three daughters; all college graduates and now gainfully employed in Montana. They keep a place in Helena but have settled on their horse ranch in the Bitterroot Valley near Lolo where family, friends, horses, dogs, mountains and rivers are all close at hand.

Richard Miltenberger

August 2013 – April 2017

Richard Miltenberger was appointed to the Montana State Fund Board of Directors by Governor Bullock. He received a degree in History and Political Science from Southern Methodist University in 1981 and went on to pursue a successful and varied career in health insurance plan consultation. In 1985 he was awarded the "Certified Employee Benefits Specialist" designation by the Wharton School of Business at the University of Pennsylvania. He began his career in Louisiana, at a third party administrative firm; after several years in Chicago he accepted a position as Vice President with Blue Cross Blue Shield of Montana, eventually joining Mountain West Benefits as a partner in the fall of 2006. He founded Montana Health Cooperative with his business partner, Jim Edwards, in 2010. In January 2014, Montana Health Cooperative merged with Leavitt Group to become Leavitt Great West Insurance Services. Richard resides in Clancy with his wife, Katrina.

Lynda Moss

August 2013 – April 2017

Appointed by Governor Bullock in August of 2013, **Lynda Moss** recently established Moss Consulting, a firm that provides strategic planning for non-profit organizations. She was the Executive Director of the Foundation for Community Vitality until 2011 and prior to that Executive Director at the Western Heritage Center. She served two terms in the Montana State Senate for District 26 from 2005 – 2012 and during the 2007 session was elected as Majority Whip. Currently, Ms. Moss serves on the governing boards of the Friends of Montana Public Broadcasting, Montana Conservation Corps, Billings Housing Authority, the Absaroka Beartooth Wilderness Foundation and the Northwest Area Foundation Board. Her academic background is in fine art and she received a Master of Fine Arts degree from Montana State University.

Lance Zanto

August 2013 – April 2017

Originally appointed to the MSF Board in April 2005 by Governor Schweitzer and serving until 2007, **Lance Zanto** was reappointed by Governor Bullock in August 2013. He is currently and has been since 2006, the Bureau Chief of the Health Care and Benefits Division for the Montana Department of Administration. He grew up in Helena and attended Helena High School later graduating from the University of Montana with a Bachelor's in Finance and Economics in 1989. From 1990 to 1996 he was a claims adjuster with Montana State Fund, leaving to take a position with the Department of Transportation as their Safety and Loss Control Manager, and then moved the Department of Administration to take a position as a state Risk Manager. Eventually he went to Mergenthaler Transfer and Storage serving as their Vice President for seven years. Lance returned to Montana State Government service in his current position.

March 19, 2015

Senator Edward Buttrey, Chairman
Business and Labor Committee

RE: SB 398

Dear Senator Buttrey:

I Chair the Board of Directors of Montana State Fund. To a person, this Board takes solemnly our statutory responsibilities governing operations of Montana State Fund. One such responsibility is to ensure that rates and reserves are established using sound actuarial standards.

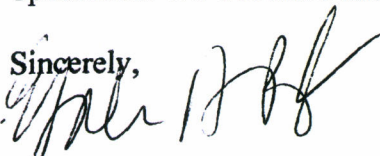
The Board not only consults with management and a highly qualified and nationally respected independent consulting actuary in setting reserves. The Board reviews financial reserve adequacy and necessary surplus/equity independently. One important, but not exclusive, factor is our reserve to equity/surplus ratio target (2 – 2.5: 1) which independent actuaries have for years strongly encouraged us to achieve.

We consider uncertainties in operations, investment income, and contingencies. Many members of the Board have considerable insurance and business expertise. This is of great assistance in decisions about setting reserves. Many, like me, bring concerns about the considerable sacrifices made by Montana injured workers. We know that we and management cannot change the statutory framework, or replace legislatively declared public policy underlying our compensation system for workers. Our Board vigorously debates and challenges management on all issues requiring Board decisions. Management has consistently welcomed debate and responded substantively to questions and requests for more information. This is not a rubber stamp Board.

The Montana Legislature has defined our responsibilities, including the manner in which we set reserves and surplus. (§§39-71-2316 and 39-71-2323, MCA). We declare dividends pursuant to that authority. Since Fiscal Year 1999, the Board has returned \$106 million of general dividends to policyholders, following statutory requirements and sound actuarial standards. We hope that this return rewards and encourages work place safety.

Over the last three fiscal years MSF's Board has declared record dividends because State Fund has achieved target and conservative financial performance levels. Policyholder rates have been reduced or held flat since 2007. This Board is committed to continuing sound fiscal operations. We will have another opportunity to consider dividends this Fall.

Sincerely,



Elizabeth Best

March 18, 2015

Senator Edward Buttrey
Chair
Senate Business, Labor and Economic Affairs Committee
P.O. Box 200500
Helena, MT 59602-0500

RE: SB 398

Dear Senator Buttrey and Committee Members:

I am submitting this letter as a member of the board of directors of Montana State Fund. I have over 38 years of experience in private business and the insurance industry. Serving on the State Fund board is an honor and significant responsibility.

One vitally important responsibility is to ensure rates and reserves are established in an actuarially appropriate manner for the business written by Montana State Fund as required by state law. The board of directors must consider a number of factors in determining an appropriate level of surplus/equity which is exposed to significant risk.

The board has intentionally (with the advice of our consulting actuary) established a reserve to equity/surplus ratio target (2- 2.5: 1) that we have worked for a number of years to achieve. This target has been a long-term goal and has taken diligence by management and the board to achieve and maintain. As an experienced insurance professional, I believe it is essential to empower the board of directors to make the financial decisions necessary to fulfill our fiduciary obligations.

I encourage the Legislature to preserve the authority of the board of directors to manage the financial affairs of MSF and not pass SB 398.

Sincerely,



Richard Miltenberger

March 18, 2015

Senator Edward Buttrey
Chair
Senate Business, Labor and Economic Affairs
P.O. Box 200500
Helena, MT 59602-0500

RE: SB 398

Dear Senator Buttrey and Committee Members:

I am submitting this letter as a member of the board of directors of Montana State Fund. As a board member appointed by the Governor and a business owner, I take my statutory responsibilities related to operations of Montana State Fund very serious. Specifically, one such responsibility is to ensure rates and reserves are established in an actuarially appropriate manner for the business written by Montana State Fund. I have over 38 years of experience in small, private business and the Montana insurance industry. I both bought and sold Montana State Fund products over these 38 years. I remember the Old Fund tax on employers. I also remember how we got there!

The board of directors must consider a number of factors in determining an appropriate level of surplus/equity. One important, but not exclusive, factor is our reserve to equity/surplus ratio target (2 – 2.5: 1) that we have worked for a number of years to achieve. We have done so in a deliberate and responsible manner when considering potential risks to MSF's long-term financial health and its ability to fulfill its commitment to injured workers. Several actuarial firms look at this to make sure we are on an accurate path. Credit goes to State Fund management for achieving this by responsibly running the Fund like a true independent business. This strategy has paid off for Montana business.

Over the last three fiscal years MSF's board has declared record dividends as the company has achieved target financial performance levels. At the same time, policyholder rates have been reduced or held flat since 2007. The board and management are committed to maintaining sound fiscal operations of MSF going forward and the board will have another opportunity to consider dividends this Fall. But a dividend is just that. It only can happen when we have enough surplus to share. There are years when that will not happen. We are in the risk business and nothing ever stays the same.

The bottom line is that MSF today is sounds and well managed. We have worked hard to build and maintain an adequate surplus. We cannot maintain this level of success for our Montana business economy if the legislature does not trust the board with our rates or surplus. We should all take a lesson from our past. The Old Fund liability was caused by inadequate management at MSF and state legislatures failing to allow the state fund to function as an insurance enterprise. Let's not let that happen again.

Sincerely,


Bruce D. Mihelish

March 18, 2015

Senator Edward Buttrely
Chair
Senate Business, Labor and Economic Affairs Committee
Montana Senate
PO Box 200500
Helena, MT 59620-0500


Dear Chair Buttrely and Members of the Committee:

My name is Joe Brenneman and I serve on Montana State Fund Board of Directors. I make my living farming in the Flathead Valley and have been a policy holder for at least 25 years in the Old Fund and in Montana State Fund. I've learned a great deal about the very sophisticated and complex workers compensation insurance since being appointed four years ago.

I am a frugal farmer, and during the last four years on the board I have analyzed and questioned the budget. The simple fact is that Montana State Fund is being operated in a fiscally responsible manner as the enabling legislation requires.

This bill, SB 398 arbitrarily and without any sound fiscal analysis imposes financial constraints that are contrary to best business practices and, frankly, defy common sense. It is as if I were to be visited by my city cousins with no farming experience, and after observing that my tractor is worth a lot of money, demand that I sell the grain in the bin and give them the money.

Sincerely,

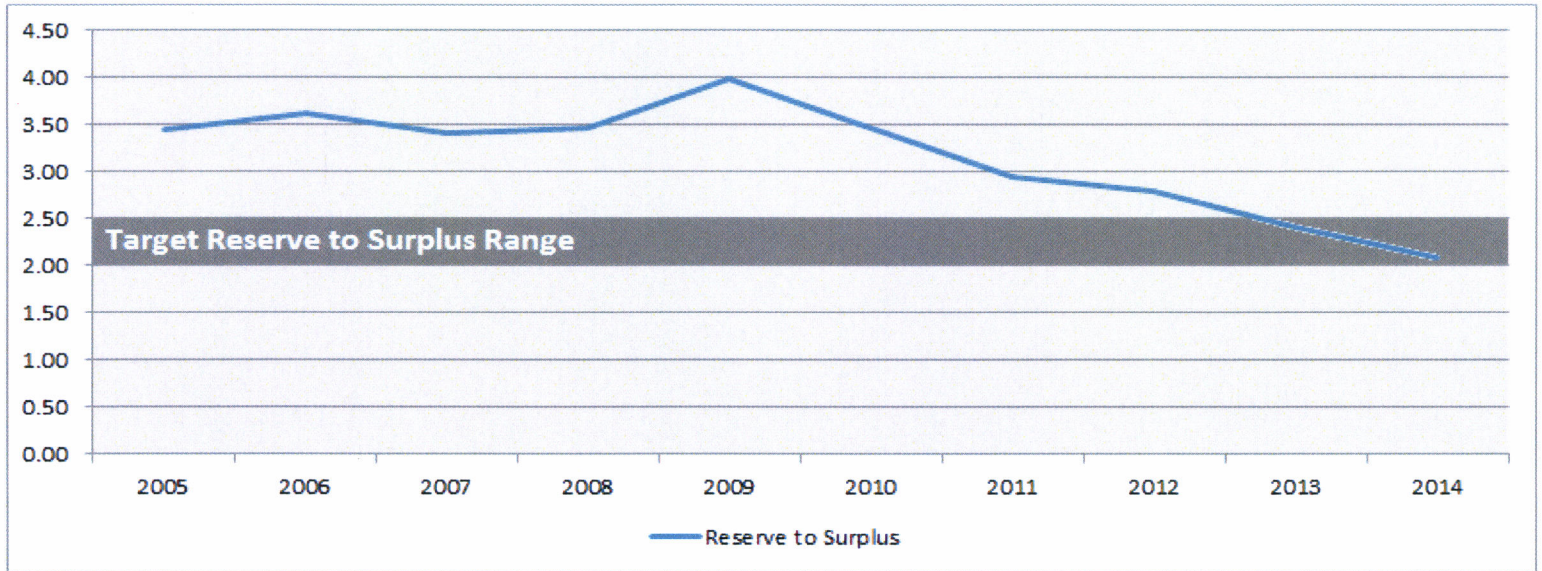


Joe Brenneman

Montana State Fund

Reserve to Surplus Ratio & Dividend Comparison

Reserve to Surplus Ratio



MSF Dividends

